

## Message Text

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12

ACTION EA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 AGR-05 CIAE-00

INR-05 NSAE-00 RSC-01 /029 W  
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FM USLO PEKING

TO SECSTATE WASHDC 2778

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 1 OF 2 PEKING 2066

E.O. 11652: N/A

TAGS: ETRD CH US

SUBJECT: AMERICAN BUSINESS VISITORS TO PEKING

REF: PEKING 1850

SUMMARY. OVER THE LAST FOUR WEEKS, WHILE SOME 300 AMERICAN BUSINESSMEN VISITED THE CANTON FAIR, THERE HAS BEEN A CONTINUOUS FLOW OF US BUSINESS VISITORS TO PEKING. THIS CABLE DISCUSSES ELEVEN GROUPS WHICH WERE IN TOUCH WITH USLO DURING THIS PERIOD. MOST SIGNIFICANT IN TERMS OF NEW POSSIBLE BUSINESS WERE TEAMS FROM LUMMUS CO., TO DISCUSS THE POSSIBLE SALE OF AN ETHYLENE PLANT, AND FROM CATALYSTS AND CHEMICALS INTERNATIONAL WHICH HOPES TO SELL THE CHINESE A SMALL CATALYST MANUFACTURING PLANT. OTHER VISITORS INCLUDED THE PRESIDENT OF M. W. KELLOGG AND THE CHAIRMAN OF THE BORDEN CO. THE VICE-PRESIDENT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE ALSO VISITED PEKING DURING THIS PERIOD (PEKING 1991 AND PEKING 1998), AND REPRESENTATIVES OF LOUIS DREYFUS HAVE BEEN IN PEKING FOR DISCUSSIONS RELATING TO TCK IN TWO SHIPLOADS OF US WHEAT AND TO THE POSSIBLE POSTPONEMENT OF US COTTON SHIPMENTS (PEKING 2021 AND 2020). END SUMMARY.

1. SINCE OUR LAST REPORT IN THIS SERIES FOUR WEEKS AGO (REFTEL), USLO HAS SEEN IN PEKING REPRESENTATIVES  
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OF THE FOLLOWING US COMPANIES.

2. LUMMUS CO. - A FOUR MAN DELEGATION FROM THE FIRM'S NEW JERSEY HEADQUARTERS, HEADED BY H.O. JOHANSSON, MANAGER OF INTERNATIONAL SALES, VISITED PEKING FOR A WEEK OF PRELIMINARY DISCUSSIONS WITH THE CHINA NATIONAL TECHNICAL IMPORT CORPORATION (TECHIMPORT) ON THE POSSIBLE SALE TO CHINA OF AN ETHYLENE PLANT. LUMMUS PROVIDED THE TECHNOLOGY IN A SALE OF AN ETHYLENE PLANT LAST YEAR BY TOYO ENGINEERING, A JAPANESE COMPANY. THE CHINESE TOLD LUMMUS THEY NOW WANT TO DEAL WITH THE COMPANY DIRECT AND NOT THROUGH TOYO, BUT ALSO STRONGLY HINTED TO THE LUMMUS TEAM THAT THEY WOULD PREFER TO DEAL WITH ONE OF LUMMUS' EUROPEAN SIBSIDIARIES RATHER THAN WITH THE PARENT US FIRM. IN ONE WAY OR ANOTHER, LUMMUS PLANS TO SUBMIT A DETAILED BID ON THE PROJECT, WHICH IN TERMS OF COST WOULD ROUGHLY BE IN THE RANGE OF DOLS 60 MILLION.

3. CATALYSTS AND CHEMICALS INTERNATIONAL - ERNEST NORTHCUTT AND EARL ENGLERT, VICE PRESIDENTS OF THIS LOUISVILLE, KY. FIRM, HAVE BEEN IN PEKING FOR TALKS WITH TECHIMPORT. THE FIRM IS A SUB-CONTRACTOR TO M. W. KELLOGG AND TOYO ENGINEERING IN CONNECTION WITH FERTILIZER PLANTS THESE GIRMS SOLD TO PRC. C&CI SUPPLIES CATALYSTS FOR THE AMMONIA PLANTS, AND SOME EQUIPMENT AND TECHNOLOGY FOR USE OF ITS CATALYSTS. PURPOSE OF THIS VISIT IS TO INTRODUCE C&CI'S PRODUCTS AND TECHNOLOGY, EXPLAIN THEIR USE IN CONNECTION WITH THE KELLOGG AND TOYO PROJECTS, DISCUSS POSSIBLE SPARE PARTS SALES, AND TALK ABOUT THE POSSIBLE SALE OF A SMALL CATALYST MANUFACTURING PLANT TO CHINA. WITH SUCH A PLANT -- WHICH WOULD COST IN THE RANGE OF DOLS4 TO DOLS 7 MILLION -- THE CHINESE COULD MANUFACTURE THEIR OWN CATALYSTS FOR USE IN THE KELLOGG AND TOYO BUILT PLANTS.

4. M. W. KELLOGG - A GROUP OF KELLOGG EXECUTIVES, HEADED BY THE FIRM'S PRESIDENT CLARK LATTIN, VISITED PEKING LAST WEEK AT THE INVITATION OF TECHIMPORT. IT WAS A GOOD-WILL VISIT THAT DID NOT ENTAIL FURTHER NEGOTIATIONS. INCLUDED IN THE GROUP WAS THE SITE ENGINEER, BENEDICT SMITH AND HIS WIFE, WHO WILL COORDINATE CONSTRUCTION OF THE FIRST KELLOGG AMMONIA PLANTS. THE SMITHS, AFTER REGISTERING WITH USLO, LIMITED OFFICIAL USE

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DEPARTED FOR THE PLANT SITE IN LUCHOU, SZECHUAN. ALSO VISITING PEKING, PRIOR TO THE ARRIVAL OF THE KELLOGG GROUP, WAS DR. HATTIE COLTON FROM THE FOREIGN SERVICE INSTITUTE WHO IS GIVING BRIEFING COURSES IN WASHINGTON TO KELLOGG TECHNICIANS COMING TO CHINA AND WHO WAS IN PEKING COLLECTING INFORMATION ON CONDITIONS IN CHINA FOR FOREIGN TECHNICIANS.

5. WABCO - C. J. WANG RETURNED TO PEKING WITH REPRESENTATIVES OF WESTINGHOUSE AIR BRAKE CO (WABCO) TO COMPLETE DETAILED CONTRACT NEGOTIATIONS FOR THE SALE OF DOLS7 MILLION OF HEAVY MINING TRUCKS (PEKING 1649). THE CONTRACT SIGNING IS BEING ACCOMPLISHED BY MAIL.

6. CONTROL DATA CORPORATION - PHILIPPE A VENNIER OF CDC (FRANCE) HAS BEEN IN PEKING TO NEGOTIATE A MINOR CONTRACT AMENDMENT RELATING TO THE SALE OF A CDC COMPUTER FOR PROCESSING OF OIL EXPLORATION DATA (PEKING 1450). IN A CALL AT USLO, HE REITERATED THE BELIEF OF HIS FIRM THAT THERE SHOULD BE NO PROBLEM IN OBTAINING APPROPRIATE EXPORT LICENSES. ANOTHER USLO VISITOR WAS GERARD DES BESSET, A CDC (FRANCE) ENGINEER, WHO IS DISCUSSING WITH THE CHINESE MATTERS RELATING TO INSTALLATION OF THE COMPUTER SYSTEM. BESSET'S WORK CONCERNS THE "ENVIRONMENT" FOR THE COMPUTER AND HE SAID THAT MOST OF THE AIRCONDITIONER AND OTHER TEMPERATURE AND HUMIDITY CONTROL EQUIPMENT WILL BE SUPPLIED BY COMPANIES IN THE UNITED STATES.

7. BECKMAN INSTRUMENTS - HARRY M. GRAFF, SALES MANAGER OF THIS CALIFORNIA FIRM, VISITED PEKING AFTER A STAY AT THE CANTON FAIR. BECKMAN, WHICH IS REPRESENTED HERE BY THE EAST ASIATIC COMPANY, SOLD SOME DOLS500 THOUSAND WORTH OF EQUIPMENT TO THE PRC LAST YEAR, MOSTLY BIO-MEDICAL INSTRUMENTS BUT ALSO INCLUDING TWO DOLS80 THOUSAND MOBILE LABORATORIES FOR AIR POLLUTION MONITORING. A BECKMAN TECHNICIAN, AN AUSTRALIAN NATIONAL, IS NOW IN SHANGHAI INSTALLING SOME BECKMAN EQUIPMENT. AT CANTON AND IN PEKING, GRAFF TALKED TO THE CHINESE MACHINERY AND CHEMICAL IMPORT AND EXPORT CORPORATIONS ABOUT OTHER POSSIBLE BUSINESS. GRAFF IS ALSO TRYING TO PROMOTE A BECKMAN TECHNICAL SEMINR IN PEKING THAT WOULD BE ORGANIZED BY THE CCPIT. IN ANOTHER LIMITED OFFICIAL USE

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EFFORT TO PROMOTE CHINA BUSINESS, THE BECKMAN UK SUBSIDIEARY IS SCHEDULED TO PARTICIPATE IN THE UK EXHIBITION THAT WILL BE HELD IN SHANGHAI NEXT MARCH.

8. ACTION INDUSTRIES INC - TWO REPRESENTATIVES OF THIS PENNSYLVANIA FIRM, E. M. MAYERS AND PAUL FOSTER, VISITED PEKING AT THE INVITATION OF THE CHINA LIGHT INDUSTRIAL PRODUCTS IMPORT AND EXPORT CORPORATION. THE FIRM IMPORTS GENERAL MERCHANDISE, MOSTLY INEXPENSIVE AND PROMOTIONAL HOUSEHOLD PRODUCTS, WHICH IT IN TURN SELLS MOSTLY TO CHAIN STORES. THE FIRM, IN CHINA FOR THE FIRST TIME, WAS SURPRISED TO RECEIVE AN INVITATION TO PEKING WHEN ITS INTEREST WAS REALLY THE CANTON FAIR. THE ACTION REPS DID STOP AT CANTON ENROUTE, AND AFTER PEKING, WERE SCHEDULED TO VISIT THE SHANGHAI BRANCH OF THE LIGHT INDUSTRIAL

PRODUCTS CORPORATION. DESPITE HIGH DUTIES, THEY ARE MAKING  
SOME INITIAL PURCHASES FROM CHINA IN THE HOPE OF BUILDING  
A LONG-TERM RELATIONSHIP.  
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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 AGR-05 CIAE-00

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R 230810Z NOV 74  
FM USLO PEKING  
TO SECSTATE WASHDC 2779  
INFO AMCONSUL HONG KONG

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9. CHINA TRADE CORPORATION - CHARLES ABRAMS, CHAIRMAN OF  
THIS NEW YORK FIRM, VISITED PEKING WITH A PARTY OF  
ASSOCIATES IN CONNECTION WITH HIS PLANS FOR A PRIVATELY  
SPONSORED MINI-CANTON-FAIR THAT WOULD TRAVEL TO 20 US  
CITIES OVER A TWO YEAR PERIOD BEGINNING IN OCTOBER 1975.  
INCLUDED IN ABRAMS PARTY WAS BOB BARRY OF BOB BARRY INC.  
WHO IS IN THE BUSINESS OF PUTTING ON MOBILE DISPLAYS  
AROUND THE US. ACCORDING TO ABRAMS, HE SIGNED MAJOR  
CONTRACTS AT THE SPRING CANTON FAIR AND RECENTLY IN  
PEKING FOR A WIDE VARIETY OF LIGHT INDUSTRIAL GOODS WHICH  
WILL BE DISPLAYED, AND FOR A SUPPLY OF GOODS THAT WILL BE  
SOLD IN THE "FRIENDSHIP STORE" PART OF HIS EXHIBITION.  
HE ALSO OBTAINED DISTRIBUTION RIGHTS FOR ADDITIONAL CHINESE  
FILMS (ABRAMS HAS HANDLED CHINESE FILMS IN THE US IN THE  
PAST) WHICH WILL BE SHOWN AS PART OF THE SHOW. ABRAMS  
SAID THE PROJECT WILL INVOLVE AN ESTIMATED DOLS6 MILLION  
INVESTMENT, WHICH HE BELIEVES WILL BE RECOUPED THROUGH  
ADMISSION CHARGES. THE INVESTMENT CAPITAL, IT APPEARS,  
WILL COME LARGELY FROM LOCAL BANKS AND RETAILERS IN THE  
CITIES WHERE THE EXHIBIT WILL BE HELD. WHILE USLO OFFICERS  
HAVE SOME DOUBT THAT THIS AMBITIOUS SCHEME WILL GET OFF  
THE GROUND AND FULLY SUCCEED, ABRAMS SEEMS TO BE RAPIDLY

MOVING AHEAD WITH PREPARATIONS AND CLAIMS TO HAVE THE FULL  
COOPERATION OF THE CHINESE.

10. BORDEN CO. - AUGUSTINE MARUSI, BORDEN'S CHAIRMAN OF  
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THE BOARD, VISITED PEKING WITH HIS WIFE AFTER THE CANTON  
FAIR AS GUESTS OF THE CHINA NATIONAL TEXTILES IMPORT AND  
EXPORT CORPORATION. AT CANTON BORDEN BOUGHT COTTON BACKING  
WHICH THE FIRM USES IN THE MANUFACTURE OF WALL COVERINGS,  
AND LOOKED INTO A VARIETY OF OTHER POSSIBLE BUSINESS  
ARRANGEMENTS WITH DIFFERENT PRC FOREIGN TRADE CORPORATIONS.  
MARUSI SAID BORDEN MAY BUY LICORICE ROOT,  
WOULD LIKE TO SELL THE CHINESE CANNING AND RELATED TESTING  
EQUIPMENT, IS CONSIDERING A CHINESE INTEREST IN BUYING  
BULK POWDERED MILK, AND HOPES TO SELL THE CHINESE A  
BORDEN ANIMAL FEED SUPPLEMENT.

11. MARTIN KLINGENBERG - KLINGENBERG, A WASHINGTON  
ATTORNEY, WAS IN PEKING FOR A WEEK AT THE INVITATION OF  
THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE  
(CCPIT), TO CONTINUE DISCUSSIONS STARTED SOME MONTHS AGO  
ON MATTERS SUCH AS TRADEMARKS, PATENTS, ARBITRATION,  
PACKAGING, AND LABELLING. WHILE HE WAS NOT SUCCESSFUL  
IN HIS HOPE OF LANDING AN AGREEMENT TO REPRESENT THE CHINESE  
IN THE US ON TRADEMARKS, THEY DID ASSURE HIM THAT THEY  
WILL BE GIVING HIM SOME BUSINESS RELATED TO THE TOPICS HE  
DISCUSSED. KLINGENBERG IS BRINGING A SELECTION OF CHINESE  
LABELS BACK TO WASHINGTON FOR FDA OPINION AND ANALYSIS.

12. THIS MESSAGE CONTAINS COMMERCIALLY SENSITIVE INFORMATION  
WHICH SHOULD BE HELD CLOSELY WITHIN THE USG.  
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## Message Attributes

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**Disposition Case Number:** n/a  
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